

Energy Situation Analysis Report

Last Updated: September 19, 2002

Next Update: September 24, 2002

[Energy Situation Analysis Report Archive \(PDF\)](#)

Latest Oil Market Developments

Oil prices in London and New York rose very slightly today, after rising 40 cents per barrel yesterday at the NYMEX in New York. Factors affecting the market include: EIA's report of substantial declines in U.S. crude oil and product stocks, traders' (correct) expectations yesterday that OPEC's production quotas would remain unchanged, and the Bush administration's continued skeptical reaction to the Iraqi offer of unconditional UN inspections. Near month crude oil futures on the NYMEX today settled at \$29.50 per barrel, up 2 cents. [more...](#)

Latest U.S. Weekly EIA Petroleum Information

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) fell by 5.4 million barrels last week, and are now below the bottom end of the normal range for this time of year. U.S. crude oil imports from OPEC countries from March through July were over 180 million barrels less than during the same 5-month period last year. The U.S. average retail price for regular gasoline increased slightly over the last week, increasing by 0.6 cent per gallon as of September 16 to reach 140.1 cents per gallon. Retail diesel fuel prices increased for the fifth week in a row, rising by 1.8 cents per gallon to a national average of 141.4 cents per gallon as of September 16.

[more...](#)

World Oil Market Highlights

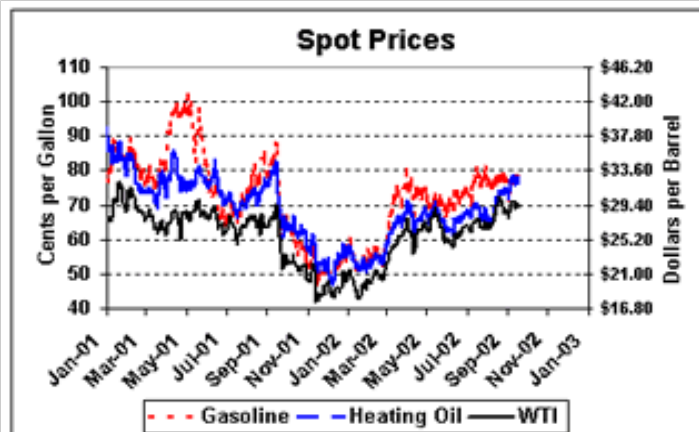
According to fourth quarter 2002 estimates, the world (excluding Iraq) holds about 5.3 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. [more...](#)

Latest U.S. Weekly Natural Gas Information

Energy Prices*

Petroleum Futures		9/18/02	9/17/02	Change
WTI (\$/Bbl)		29.48	29.08	+0.40
Gasoline (c/gallon)		79.82	77.63	+2.19
Heating Oil (c/gallon)		78.91	77.23	+1.68
Natural Gas (\$/MMBtu)				
Henry Hub		3.79	3.46	+0.33
California		3.57	3.39	+0.18
New York City		4.16	3.80	+0.36
Electricity (\$/Megawatthour)				
COB		30.36	30.00	+0.36
PJM West		36.82	35.16	+1.66
NEPOOL		47.38	47.00	+0.38
Average		36.85	34.73	+2.12

[*Definitions](#)



Source: Closing quote as reported by Reuters News Service

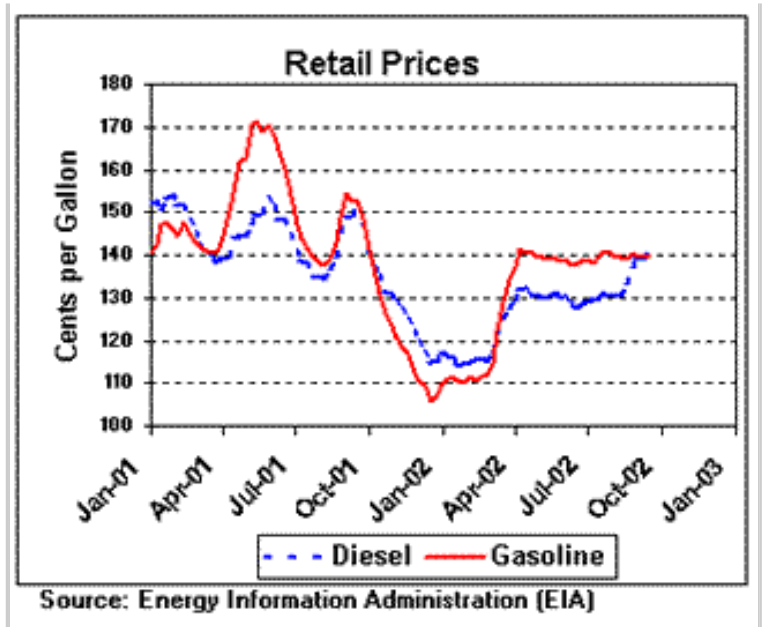
Spot prices got a respite on Tuesday (September 17) from their upward climb from the effects of Tropical Storm Hanna, leveling off or declining a few cents in most market locations. However, the respite was short-lived as Tropical Storm Isidore rapidly gained strength on Wednesday and appeared very likely to enter the Gulf of Mexico by the end of the week. Spot prices responded by surging upward by 30 to 40 cents per MMBtu at most market locations. At the Henry Hub, the average spot price jumped 33 cents to \$3.79 per MMBtu on Wednesday. [more...](#)

Latest U.S. Coal Information

For the week ended September 13, the week-to-week coal prices tracked by EIA were virtually unchanged (graph below). Average Central Appalachian prices declined slightly to \$30 per short ton, Northern Appalachian coal prices went down about \$1 per short ton, and all other supply regions were unchanged. Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are down by about \$18.00 and \$12.00 per short ton, respectively. [more...](#)

Latest U.S. Electricity Information

Western U.S. spot electricity prices have remained relatively stable over the past seven-day period. Electricity prices in the Mid-continent region have been increasing over the past three trading days as warmer weather has increased the demand for electricity and outages have reduced the available supply. Prices in the Northeast have been mixed over the past seven trading days. Over the past seven days, the average price at all trading centers has ranged between \$33.31 and \$36.85 per megawatthour. [more...](#)



[Archives](#)

[EIA Home](#)

[Contact Us](#)

Page last modified on undefined



Energy Situation Analysis Reports

Previous Energy Situation Analysis Reports
(PDF Version 4/17/02-present; HTML text only 10/10/01-4/16/02)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/archive/esararchive.html>

*If you are having problems with this site, please contact the EIA Webmaster at
wmaster@eia.doe.gov*

Page last modified on undefined

Back to the Current Energy Situation Analysis Report

E-Mail Subscription Lists



[Home](#) > [Energy Situation Analysis Report](#) > [Latest US Oil Market Developments](#)

Latest Oil Market Developments

(updated September 19, 2002)

Oil prices in London and New York rose very slightly today, after rising 40 cents per barrel yesterday at the NYMEX in New York. Factors affecting the market include: EIA's report of substantial declines in U.S. crude oil and product stocks, traders' (correct) expectations yesterday that OPEC's production quotas would remain unchanged, and the Bush administration's continued skeptical reaction to the Iraqi offer of unconditional UN inspections. Near month crude oil futures on the NYMEX today settled at \$29.50 per barrel, up 2 cents. As traders typically take profits as the near-month contract expires (October expires tomorrow), the result can be interpreted as somewhat bullish, especially since expectations of OPEC's decision were already largely built into the opening price. Today, OPEC announced in its final communiqué from the cartel's meeting in Osaka, Japan that "The conference agreed all production levels would be maintained, in which connection all member countries emphasized their commitment to discipline in implementing agreements and underlined the importance of full compliance." In regards to the decision to leave OPEC's overall production quota unchanged, several members pointed to the fact that the OPEC basket price has not exceeded \$28 per barrel for 20 consecutive trading, which, under the current OPEC price band mechanism, would have meant a 500,000-barrel-per-day increase in OPEC production quotas. The cartel cited uncertainty about the future strength of the global economy and asserted that tensions with Iraq rather than fundamentals were driving up oil prices. OPEC also expects Iraqi production to increase in the short run as the pricing dispute is settled. More on news from the meeting below. The market is also watching the path of strengthening storm Isidore, which was continuing toward western Cuba early Thursday after which it is expected to move to the Gulf of Mexico where oil production could be disrupted.

In general, oil prices have been driven sharply higher (up around 50%) since the beginning of 2002 by several factors, including: 1) significant cuts in OPEC production quotas during 2001, including an OPEC agreement with top non-OPEC oil exporting countries at the end of the year (note: increased OPEC "overproduction" above quota levels has mitigated this somewhat in recent months); 2) tensions in the Middle East, particularly speculation over the possibility of US military action against Iraq (the so-called "war premium"); and 3) a steep slide in US crude oil inventories.

Topics affecting **world oil markets** include:

- On Tuesday (9/17/02), Iraq and the United Nations agreed to meet in about two weeks in Vienna to discuss the logistics of the return of UN weapons inspectors to Iraq. Under current Security Council resolutions, the inspectors have 60 days after they begin work to list key remaining disarmament issues and bring them to the Security Council for approval and have 120 days to

report to the council about whether Iraq is cooperating and about their progress on any remaining banned weapons issues.

- In addition to its offer on UN weapons inspectors, Iraq reportedly has informed major oil companies that it would no longer require them to pay an illegal "surcharge" outside the UN oil-for-food program. Iraq has required the surcharge since November 2000, but in recent months the United Nations has been cracking down hard on the practice, contributing to a sharp reduction in Iraqi oil exports (in recent weeks, Iraq has been producing at less than half of its capacity).
- Although OPEC agreed not raise production quotas at its meeting, Kuwaiti Oil Minister Sheikh Ahmed Al Fahd Al Sabah said, "We will increase production [before the next meeting] if the market needs the production." Saudi Oil Minister Ali al-Naimi, citing an average of recent OPEC basket prices of \$24 per barrel, said, "We would like to see [a price] around \$25, \$25 is the magic number." According to OPEC, the OPEC basket price was \$26.92 per barrel on Tuesday, and has been within the price band since March 11, 2002. Outgoing OPEC President Rilwanu Lukman of Nigeria appeared to confirm that there is a significant amount of production beyond quota, "What we are saying is the official level plus the extra, if we are putting it, appears to be enough for the market place." OPEC is next scheduled to meet December 12 in Vienna.
- The International Energy Agency (IEA), the European Union (EU), the Petroleum Association of Japan, and EIA have all called on OPEC to increase production. "As we consider that the normal price is \$20 a barrel it is clear that the Commission would rather have a production rise which allows a fall in prices," said Gilles Gantelet, spokesman for European Energy Commissioner Loyola de Palacio. U.S. Energy Secretary Spencer Abraham said on Monday (9/16/02) that the United States was "not going to beg for oil" and that "the market ought to govern decisions" by oil producers.
- On Wednesday, EIA reported that US crude oil stocks fell by 5.4 million barrels last week. EIA also reported that US gasoline stocks fell by 600,000 barrels and that distillate stocks fell by 2.2 million barrels. This was a larger drop than had generally been expected by analysts.
- As of September 19, 2002, the US Strategic Petroleum Reserve (SPR) contained 583.8 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.1 million barrels per day from days 91-120, to 2.1 million barrels per day for days 121-150, and to 1.2 million barrels per day for days 151-180.

File last modified: September 19, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latem.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Weekly EIA Petroleum Information

(last complete update: September 19, 2002)

Petroleum Inventories

U.S. commercial crude oil inventories fell another 5.4 million barrels last week, and have now dropped by 15 million barrels over the last three weeks to go below the lower limit of the normal range for this time of year. At 287.8 million barrels, commercial crude oil inventories are at the lowest level since the week ending March 9, 2001. And the situation is even more extreme in PADD II, the region that includes Cushing, OK, the spot where physical West Texas Intermediate (WTI) crude oil barrels are traded. In that region, crude oil inventories are just 54.4 million barrels, or more than 2 million barrels less than the previous low, making it the lowest recorded level since EIA began publishing weekly regional data. Since the end of March, U.S. crude oil inventories have fallen by nearly 44 million barrels, going from the upper end of the normal range to below the lower limit of the normal range in just 5 ½ months.

Distillate fuel inventories declined by 2.2 million barrels, while motor gasoline inventories decreased by 0.6 million barrels last week.

Petroleum Imports

U.S. crude oil imports last week averaged 8.7 million barrels per day, up 300,000 barrels per day compared to the previous week, but still lower than in prior weeks. During the most recent four weeks, crude oil imports have averaged nearly 8.9 million barrels per day, or about 500,000 barrels per day less than during the same four-week period last year.

From March 2001 through July 2001, the United States averaged 9.65 million barrels per day of crude oil imports, with 5.14 million barrels per day coming from OPEC countries. During this period in 2001, crude oil inventories rose 48 million barrels from the end of February through the end of April, followed by a drop of 18 million barrels between the end of April and the end of July, so that by the end of July, crude oil inventories were 30 million barrels higher than they were at the end of February. But this year, the data tell a completely different story. From March 2002 through July 2002, the United States averaged just 9.04 million barrels per day of crude oil imports, or more than 600,000 barrels per day less than last year. This represents a 6.3% reduction, or more importantly, a total reduction in crude oil imports over this 5-month period of 93 million barrels! And, as the major producing group in the world, OPEC took more than its share of the reduction in U.S. crude oil imports. In the same 5-month period this year, U.S. crude oil imports from OPEC countries only averaged 3.96 million barrels per day, a reduction of 23%, or a total reduction of over 180 million barrels over this period! It's amazing that crude oil inventories haven't fallen even more this summer and early fall. Of course, the reason they haven't is lower inputs into refineries and increased imports from non-OPEC countries. And while the data are preliminary, further crude oil inventory declines may yet register in EIA data, as the implied draws over this period remain somewhat greater, even ignoring the forward imbalance without an OPEC production increase. Regardless, clearly OPEC's market share in the United States, the world's largest importing country by a wide margin, has taken a tumble this summer. EIA data for June (see) show that OPEC imports represented less than 38% of all U.S. crude oil and petroleum product imports, compared to 48% in June 2001. In fact, since April, OPEC's market share of U.S. petroleum imports has been below 40%, a level not seen on an annual basis since 1985.

Total motor gasoline imports (including both finished gasoline and gasoline blending components) fell below 700,000 barrels per day last week for only the second time in the last nine weeks, while distillate fuel imports averaged only 100,000 barrels per day.

Refinery Inputs and Production

U.S. crude oil refinery inputs averaged 15.1 million barrels per day during the week ending September 13, down 300,000 barrels per day from the previous week. Declines were seen in all regions, except for PADD IV (Rocky Mountain) and PADD V (West Coast), which both increased slightly. In PADD III (Gulf Coast), crude oil refinery inputs averaged less than 7 million barrels per day for the first time since the week ending March 22. Over the last four weeks, crude oil refinery inputs have averaged about 150,000 more than last year at this time. Refinery production for motor gasoline was down sharply last week, while distillate fuel refinery production declined only slightly. Jet fuel refinery production increased, however.

Petroleum Demand

Total product supplied over the last four-week period averaged 19.8 million barrels per day, or about 0.5% more than the level last year. Motor gasoline demand has averaged 2.6% above last year's level over the same period, but distillate fuel and kerosene-jet fuel demand have averaged 1.1% less and 5.4% less than last year's level, respectively, over the last four weeks.

Spot Prices (updated September 17, 2002)

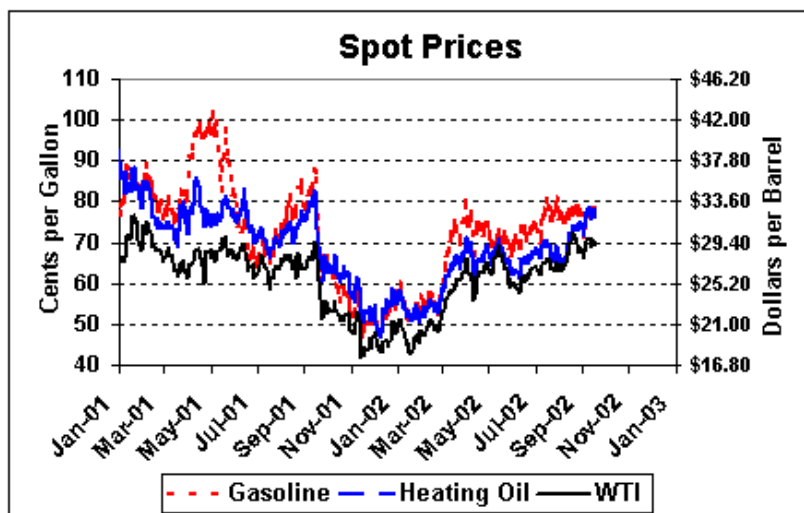
The average world crude oil spot price on September 13, 2002 was \$26.79 per barrel, up \$0.72 from the previous week and \$1.47 more than last year. The price for West Texas Intermediate (WTI) crude oil was \$29.83 per barrel on September 13, 2002, \$0.32 per barrel higher than last week and \$0.24 per barrel higher than last year. The spot price for conventional gasoline in the New York Harbor was 77.75 cents per gallon, up 1.07 cents per gallon from last week and 10.13 cents per gallon lower than a year ago. The spot price for low sulfur diesel fuel in the New York Harbor was 79.65 cents per gallon, 0.85 cent per gallon above last week but 5.03 cents per gallon less than last year.

Retail Gasoline and Diesel Fuel Prices (updated September 17, 2002)

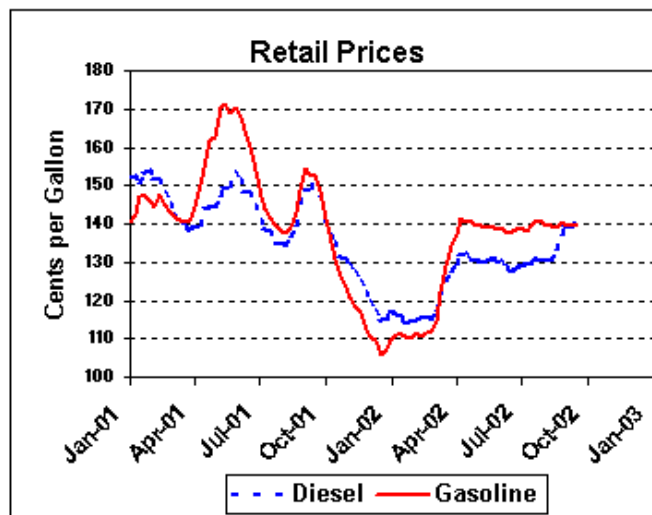
The U.S. average retail price for regular gasoline increased slightly over the last week, increasing by 0.6 cent per gallon as of September 16 to reach 140.1 cents per gallon. This price is 12.8 cents per gallon lower than last year. Retail diesel fuel prices increased for the fifth week in a row, rising by 1.8 cents per gallon to a national average of 141.4 cents per gallon as of September 16. For the second week in a row, the average retail diesel price was higher than the average retail regular gasoline price, perhaps signaling an end to the gasoline season. In recent years, diesel prices have been higher in the fall and winter, as harvesting and colder weather put increased pressure on diesel and heating oil prices. Retail diesel prices were up throughout most of the country, with the largest price increases occurring in the Gulf Coast and Rocky Mountain regions, which each saw prices rise by 2.1 cents. U.S. diesel fuel prices have shot up 11.1 cents per gallon since August 12, with prices along the West Coast increasing by 15.2 cents per gallon over that same time period.

U.S. Petroleum Prices

(updated September 19, 2002)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
8/1/2002	\$26.51	\$26.47	75.67	76.22	65.70	67.20	70.50	38.94	38.82		
8/2/2002	\$26.87	\$26.84	77.50	77.48	66.10	67.66	70.90	38.32	38.07		
8/5/2002	\$26.55	\$26.58	76.30	76.82	64.40	66.64	69.65	38.29	37.94	139.5	130.4
8/6/2002	\$27.18	\$27.17	76.65	77.47	65.70	67.78	70.95	38.63	38.07		
8/7/2002	\$26.58	\$26.50	75.00	75.46	65.00	66.61	70.45	38.50	38.25		
8/8/2002	\$26.67	\$26.67	74.95	75.54	65.83	67.24	71.38	38.75	39.19		
8/9/2002	\$26.87	\$26.86	75.43	75.50	65.43	67.18	71.18	39.19	39.19		
8/12/2002	\$27.84	\$27.86	76.28	77.75	67.75	69.46	73.32	40.25	40.19	139.3	130.3
8/13/2002	\$28.35	\$27.90	76.98	77.38	68.80	69.42	74.38	40.13	40.25		
8/14/2002	\$28.19	\$28.15	75.88	77.64	68.73	70.14	74.48	40.88	41.63		
8/15/2002	\$28.99	\$29.06	77.82	79.76	71.48	72.78	76.48	41.50	41.75		
8/16/2002	\$29.24	\$29.33	76.50	79.19	72.00	73.45	77.00	41.50	41.88		
8/19/2002	\$29.86	\$29.84	76.50	79.09	72.05	73.39	76.90	42.13	42.88	139.2	133.3
8/20/2002	\$30.12	\$30.11	77.70	80.03	72.20	73.80	76.95	42.13	42.88		
8/21/2002	\$30.37	\$29.24	78.19	80.66	74.00	75.42	79.05	42.88	43.63		
8/22/2002	\$30.11	\$28.84	77.08	79.66	73.91	74.82	78.12	43.07	43.82		
8/23/2002	\$29.99	\$28.63	76.85	79.52	73.40	73.90	77.88	43.38	43.32		
8/26/2002	\$29.23	\$29.28	79.05	82.11	73.55	75.11	78.13	44.75	43.88	140.3	137.0
8/27/2002	\$28.84	\$28.83	78.85	81.80	73.88	75.01	78.25	44.75	43.88		
8/28/2002	\$28.31	\$28.34	76.68	80.18	73.57	74.45	77.73	44.88	43.25		
8/29/2002	\$28.83	\$28.92	77.87	81.32	74.20	75.39	78.43	45.00	43.25		
8/30/2002	\$28.97	\$28.98	77.32	81.42	74.93	74.82	79.03	45.19	43.13		
9/2/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA	139.4	138.8
9/3/2002	\$27.76	\$27.79	71.18	74.52	71.55	72.81	75.68	44.13	42.38		
9/4/2002	\$28.28	\$28.27	73.35	76.22	73.78	75.03	78.15	45.01	42.88		
9/5/2002	\$29.06	\$28.98	75.18	77.66	76.03	77.31	80.18	45.63	44.38		
9/6/2002	\$29.51	\$29.61	76.68	78.63	77.00	78.39	81.15	46.75	45.50		
9/9/2002	\$29.80	\$29.73	77.20	79.00	77.55	78.62	82.05	46.82	45.75	139.5	139.6
9/10/2002	\$29.62	\$29.73	77.70	79.94	77.85	79.27	82.20	47.57	46.25		
9/11/2002	\$29.77	\$29.77	77.60	80.55	77.65	78.97	82.20	47.38	46.00		
9/12/2002	\$28.95	\$28.85	75.55	78.54	75.75	76.58	80.10	46.88	45.25		
9/13/2002	\$29.83	\$29.81	77.75	80.56	77.75	78.67	82.10	47.38	45.94		
9/16/2002	\$29.14	\$29.67	77.30	79.36	76.20	78.37	80.80	47.44	45.63	140.1	141.4
9/17/2002	\$29.08	\$29.08	77.50	77.63	76.85	77.23	81.53	46.50	45.00		
9/18/2002	\$29.57	\$29.48	79.10	79.82	77.90	78.91	82.83	47.57	46.44		

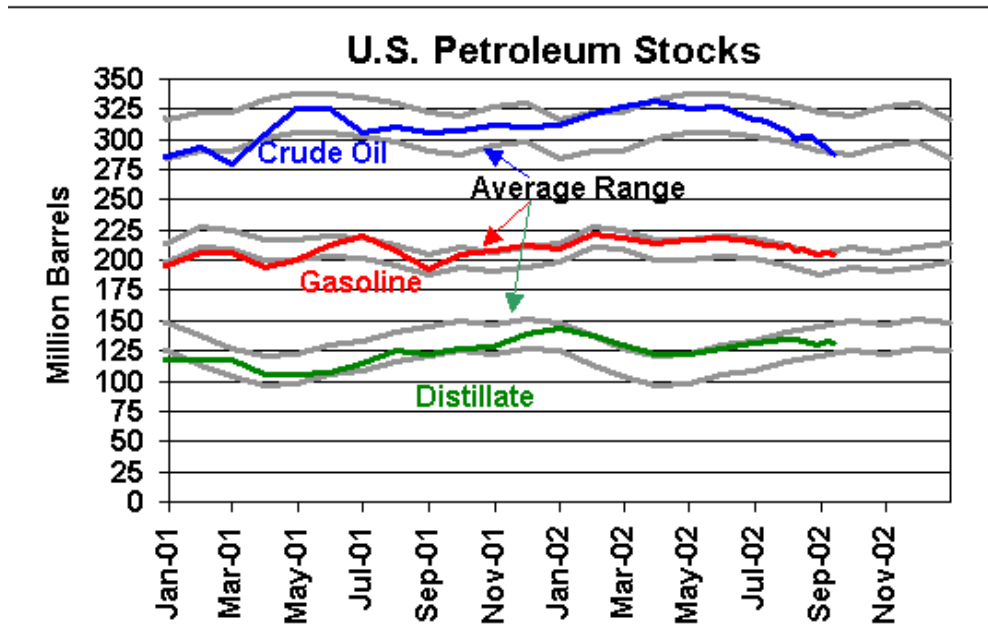
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	9/13/2002	9/13/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,304	15,150	154	1.0%
Operable Capacity	16,800	16,597	203	1.2%
Operable Capacity Utilization (%)	92.1%	92.8%	-0.7%	
Production				
Motor Gasoline	8,431	8,322	109	1.3%
Jet Fuel	1,534	1,521	13	0.8%
Distillate Fuel Oil	3,576	3,642	-66	-1.8%
Imports				
Crude Oil (incl. SPR)	8,859	9,364	-505	-5.4%
Motor Gasoline	845	798	47	5.9%
Jet Fuel	116	141	-25	-18.0%
Distillate Fuel Oil	205	257	-52	-20.2%
Total	11,160	11,706	-546	-4.7%
Exports				
Crude Oil	29	19	10	49.3%
Products	917	933	-16	-1.7%
Total	946	952	-6	-0.7%
Products Supplied				
Motor Gasoline	9,013	8,783	230	2.6%
Jet Fuel	1,549	1,636	-87	-5.3%
Distillate Fuel Oil	3,699	3,741	-42	-1.1%
Total	19,766	19,666	100	0.5%

vs. Year Ago

Total	19,766	19,666	100	0.5%
			vs. Year Ago	
Stocks (Million Barrels)	9/13/2002	9/13/2001	Diff.	% Diff.
Crude Oil (excl. SPR)	287.8	308.5	-20.7	-6.7%
Motor Gasoline	205.0	198.4	6.6	3.3%
Jet Fuel	40.9	42.1	-1.2	-2.9%
Distillate Fuel Oil	131.4	124.0	7.4	6.0%
Total (excl. SPR)	1,004.4	1,016.4	-12.0	-1.2%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

File last modified: September 19, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Doug MacIntyre

douglas.macintyre@eia.doe.gov

Phone: Doug MacIntyre : (202) 586-1831

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latpet.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

World Oil Market Highlights

(updated September 10, 2002)

According to fourth quarter 2002 estimates, the world (excluding Iraq) holds about 5.3 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries.

Major Sources of U.S. Petroleum Imports, Jan.-May 2002*			
(all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.91	1.45	0.46
Saudi Arabia	1.52	1.50	0.02
Mexico	1.48	1.45	0.03
Venezuela	1.33	1.14	0.19
Iraq	0.70	0.70	0.00
Nigeria	0.54	0.51	0.03
United Kingdom	0.39	0.31	0.08
Norway	0.37	0.33	0.04
Algeria	0.32	0.04	0.28
Angola	0.32	0.31	0.01
Total Imports	11.15	8.86	2.29

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in Jan.-May 2002.

Top World Oil Net Exporters, Jan.-May 2002*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.64
2)	Russia	4.81
3)	Norway	3.18
4)	Iran	2.43
5)	Venezuela	2.34
6)	United Arab Emirates	1.92

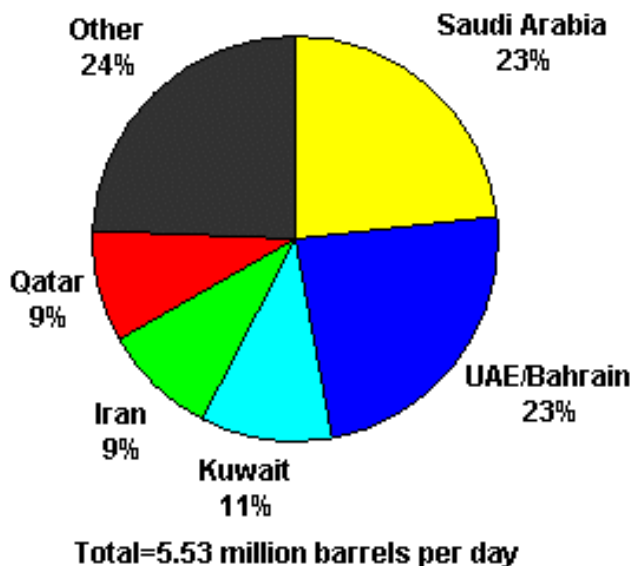
7)	Nigeria	1.86
8)	Iraq	1.65
9)	Kuwait	1.60
10)	Mexico	1.67
11)	Algeria	1.21
12)	Libya	1.17

**Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-May 2002.*

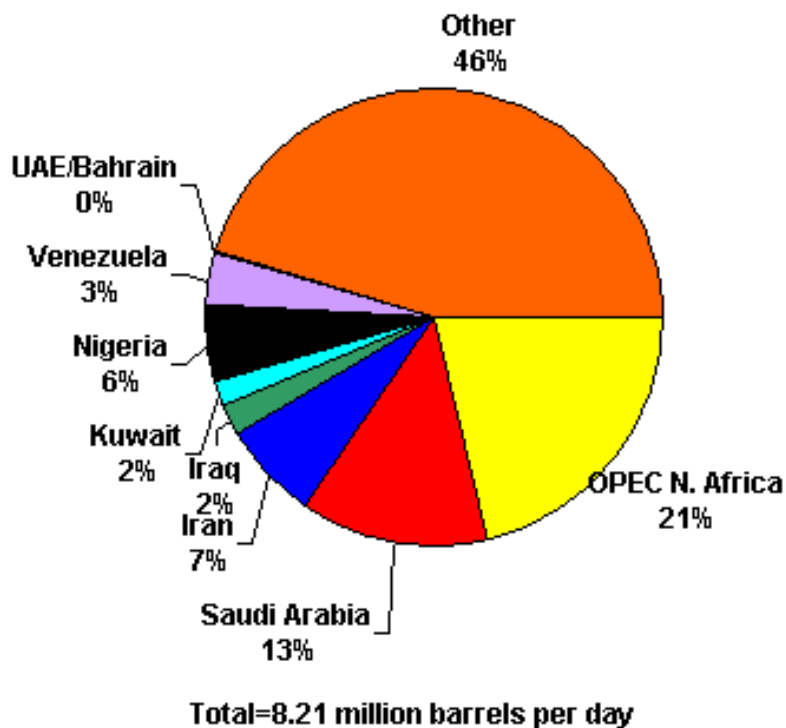
During the first five months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Mexico, 15% from Canada, 2% from the Caribbean), while 27% came from the Persian Gulf region (17% from Saudi Arabia, 8% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During the first quarter of 2002, about 25% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around 28% from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Japanese Net Oil Imports by Country, 1Q 2002



OECD European Net Oil Imports by Country, 1Q 2002



File last modified: August 20, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/esar.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.

Latest U.S. Weekly Natural Gas Information

(updated September 19, 2002)

[Industry/Market Developments](#)

Natural Gas Rig Counts: The number of rigs drilling for natural gas climbed by 13 to 746 for the week ending September 13, according to Baker-Hughes Incorporated. This is the highest rig count since the week ended December 28, 2001. After falling to 713 for the week ended August 23, the number of rigs drilling for natural gas has increased in each successive week, climbing over 1% per week on average. Still, natural gas rigs are almost 24% below last year at this time, however that is when they numbered a near-record high of 981. Natural gas rigs remain over 5% above the 5-year average for the report week. The share of rigs drilling for natural gas has been consistently above 80% since early last year. Since the week ended May 17, 2002, rigs drilling for natural gas have comprised roughly 84% of total rigs drilling, which is close to a record for the split between gas and oil rigs. Last week, rigs drilling for natural gas constituted 86.4% of rigs drilling in the United States. This is the highest share of rigs drilling for natural gas in the 15 years that Baker-Hughes has separately reported gas and oil drilling rigs. The emphasis on gas prospects undoubtedly reflects a relative advantage in the economics of natural gas prospects compared with domestic crude oil prospects.

[Storage](#)

Working gas in underground storage was 2,924 Bcf for the week ended Friday, September 13, according to the EIA Weekly Natural Gas Storage Report. While the surplus inventory with respect to the 5-year average has been declining steadily, total stocks of 2,924 Bcf were nonetheless 304 Bcf, or nearly 12%, greater than the average. The implied net injection for the week was 69 Bcf, which is about 12% below the previous 5-year (1997-2001) average.

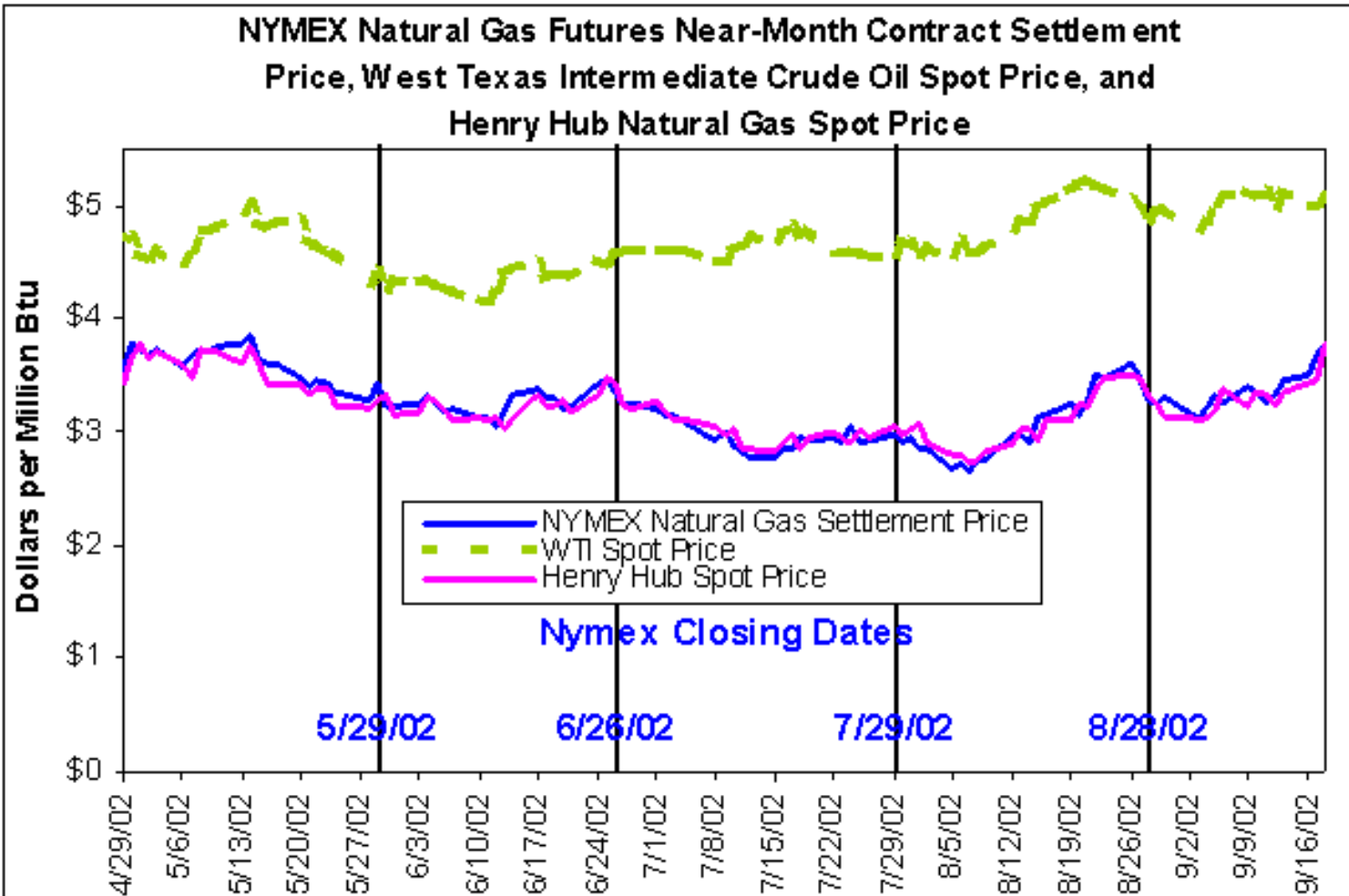
All Volumes in Bcf	Current Stocks 9/13/02	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 9/6/02
East Region	1,687	1,597	5.6%	45	1,642
West Region	394	330	19.4%	4	390
Producing Region	843	692	21.8%	20	823
Total Lower 48	2,924	2,620	11.6%	69	2,855

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Prices:

Spot prices got a respite on Tuesday (September 17) from their upward climb from the effects of Tropical Storm Hanna, leveling off or declining a few cents in most market locations. However, the respite was short-lived as Tropical Storm Isidore rapidly gained strength on Wednesday and appeared very likely to enter the Gulf of Mexico by the end of the week. Spot prices responded by surging upward by 30 to 40 cents per MMBtu at most market locations. At the Henry Hub, the average spot price jumped 33 cents to \$3.79 per MMBtu on Wednesday. Spot gas for delivery to New York and Chicago citygates rose 37 and 36 cents, respectively, to \$4.16 and \$3.80 per MMBtu. The Florida Gas Transmission citygate price had the largest increase of the day at \$0.43 per MMBtu, maintaining its position as having the highest-price spot gas in the nation, at \$4.36.

On the NYMEX, Monday's upward price movement gained momentum on Tuesday and Wednesday with the growing threat of Isidore. The settlement price of the near-month (October delivery) futures contract rose \$0.172 and \$0.108 per MMBtu on those days, settling yesterday (Wednesday, September 18) at \$3.787-its highest settlement price since May 17. Cumulative price increases for Tuesday and Wednesday for futures contracts for delivery during the next heating season (November-March) ranged from \$0.111 to \$0.204 per MMBtu, with the January 2003 contract's settlement price of \$4.370 being the highest.



Note: The West Texas Intermediate crude oil price, in dollars per barrel, is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Source: NGI's *Daily Gas Price Index* (<http://Intelligencepress.com>)

<i>Trade Date (All prices in \$ per MMBtu)</i>	California Composite Average Price[*]	Henry Hub	New York City	Chicago	NYMEX futures contract-October delivery	NYMEX futures contract-November delivery
8/21/02	2.84	3.22	3.67	3.11	3.339	3.601
8/22/02	2.93	3.38	3.76	3.23	3.591	3.828
8/23/02	3.01	3.49	3.78	3.35	3.543	3.785
8/26/02	3.15	3.51	3.74	3.42	3.676	3.919
8/27/02	3.11	3.48	3.67	3.39	3.531	3.784
8/28/02	3.05	3.33	3.49	3.25	3.403	3.673
8/29/02	3.01	3.26	3.43	3.22	3.250	3.555
8/30/02	2.82	3.12	3.37	3.13	3.296	3.626
9/3/02	2.93	3.10	3.41	3.12	3.132	3.487
9/4/02	2.93	3.12	3.44	3.15	3.193	3.543
9/5/02	2.96	3.19	3.50	3.20	3.342	3.654
9/6/02	3.07	3.38	3.75	3.40	3.265	3.605
9/9/02	2.98	3.24	3.62	3.23	3.399	3.744
9/10/02	3.12	3.35	3.62	3.36	3.356	3.734
9/11/02	3.13	3.32	3.60	3.35	3.250	3.645
9/12/02	3.11	3.22	3.49	3.23	3.329	3.720
9/13/02	3.22	3.36	3.59	3.33	3.467	3.842
9/16/02	3.36	3.44	3.80	3.45	3.507	3.866
9/17/02	3.39	3.46	3.80	3.44	3.679	3.977
9/18/02	3.57	3.79	4.16	3.80	3.787	4.070

^{*} Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

File last modified: September 19, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Jim Thompson

james.thompson@eia.doe.gov

Phone: Jim Thompson : (202) 586-6201

Fax: (202) 586-4420

URL: <http://www.eia.doe.gov/emeu/security/esar/latng.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

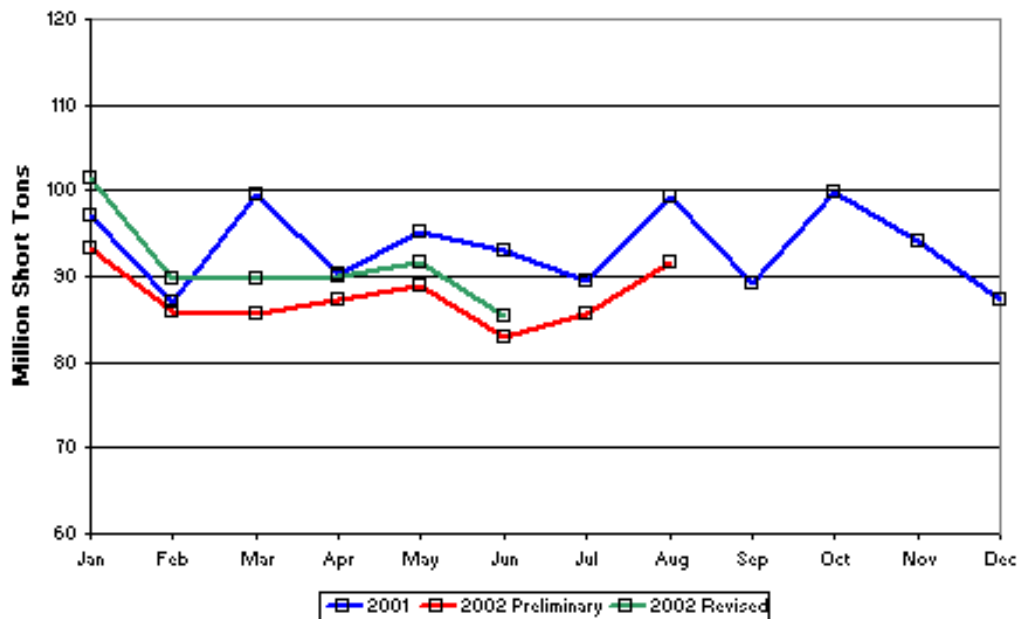
Latest U.S. Coal Information

(updated September 19, 2002)

Coal Production

For the week ended September 14, rail car loadings of coal were 3.2% lower while national [coal production](#) was 1.5% lower, compared to year-ago levels. Year-to-date, western U.S. coal production is 0.6% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 6.0% below last year's level. The revised estimated production for the first 8 months of 2002 is 725.2 million short tons (mst), 3.4% lower than the 750.7 mst in the first 8 months of 2001. The revised estimate has been updated using Mine Safety and Health Administration coal production survey data for the second quarter 2002.

U.S. Monthly Coal Production



Lower production since the first quarter of 2002 results from large coal stockpiles at mines and at consuming facilities due to slowed economic activity and an extended spring period of low seasonal demand at many electric power plants. Since July, hot weather in much of the west and Midwest has reestablished more normal demand, but has consumed only part of the high consumer stocks. EIA estimates that coal stockpiled in the electric power sector at the end of March was 29.5% higher than in March 2001, and that by May 2002 stockpiled coal was 18.2% higher than 12 months earlier. In the first and second quarters of 2002, coal production exceeded coal use and consequently stockpiles built up much above planned levels.

Cumulative weekly coal production volumes are down more (in absolute terms) than cumulative rail car loadings. This reflects a rundown in producer and distributor stockpiles as a greater-than-usual portion of coal shipments are loaded

from previously mined production. The stock rundown (and its dampening impact on production) will continue until coal stockpiles attain normal levels.

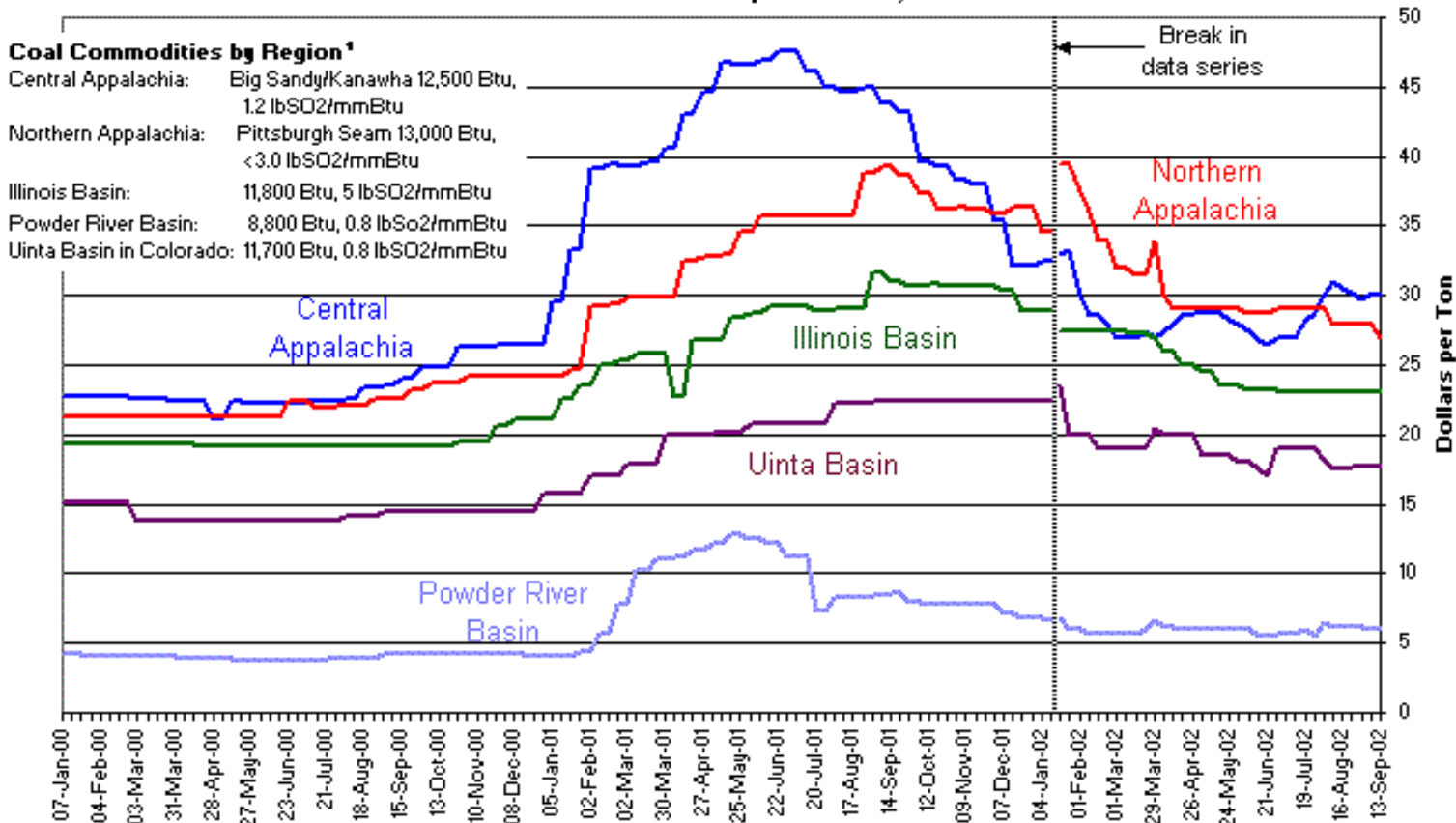
It appears that there was about a 30 million ton overage in the supply chain following the first quarter of 2002, so it was expected to take several months of curtailed production to reduce the excess producer and distributor stocks. Would-be buyers are finding coal producers holding firm on price demands. Analysts at a recent Lehman Brothers conference believe that consumer stockpiles at the end of August are still higher than normal for the time of year-possibly about a 10 million ton overage. While some eastern mines are back in production, the major suppliers have kept a number of large mines idle awaiting better prices for contract coal. Supplies of eastern compliance coal have reportedly been tight as a protracted pricing standoff continues and most buyers, with still a comfortable stockpile cushion, forestall buying activity.

Coal Prices

For the week ended September 13, the week-to-week coal prices tracked by EIA were virtually unchanged (graph below). Average Central Appalachian prices declined slightly to \$30 per short ton, Northern Appalachian coal prices went down about \$1 per ton, and all other supply regions were unchanged. Mixed coal price movements in recent weeks, but with no overall trend, mirror the differing opinions as to whether prices will continue to decline, and reflect hesitancy among coal buyers.

Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are down by about \$18.00 and \$12.00 per short ton, respectively. Compared to the previous floor in the summer of 2000, prior to the 2001 escalation, the latest indexed spot prices of \$30.00 per short ton for Central Appalachian and \$27.00 per short ton for Northern Appalachian coal are higher by 35% and 27% respectively. Other prices are also running higher than the summer 2000 base: by 29% for the Uinta Basin, 20% for the Illinois Basin, and 60% for the Powder River Basin. Since the week ended August 2, the average spot price for largely compliance Central Appalachian coal (see graph) has continued to stay above that of Northern Appalachian Pittsburgh seam coal, as had long been the norm prior to November 2001.

Average Weekly Coal Commodity Spot Prices Week Ended September 13, 2002



¹Prior to January 11, 2002, EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, coal prices shown are for a relatively high-Btu coal selected in each region, for delivery in the "prompt" quarter. The "prompt quarter" is the next calendar quarter, with quarters shifting forward after the 15th of the month preceding each quarter's end.

Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey."

Over-the-counter (OTC) trading volumes on the [NYMEX](#) were low throughout the month of August. The past week saw, again, limited activity. Offered prices for 2002 deliveries dipped to \$28.70 with all months in 2003 remaining above \$30.00.

File last modified: September 19, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Bill Watson and Rich Bonskowski

william.watson@eia.doe.gov

richard.bonskowski@eia.doe.gov

Phone: Bill Watson: 202-287-1971; Rich Bonskowski: 202-287-1725

Fax: 202-287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latcl.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Electricity Information

(updated September 19, 2002)

Selected Wholesale Electricity Prices: Western U.S. spot electricity prices have remained relatively stable over the past seven-day period. Prices at the Mid-Columbia trading center, a benchmark for northwest power prices, have ranged between a low of \$24.66 per megawatthour and a high of \$27.86 per megawatthour. Prices at the SP 15, in California, ranged between \$33.66 per megawatthour and \$37.93 per megawatthour. Similarly, prices at the Four Corners trading center, in Arizona, have ranged between \$30.92 and \$34.47 per megawatthour.

Electricity prices in the Mid-continent region have also been increasing over the past three trading days as warmer weather has increased the demand for electricity and outages have reduced the available supply. Cinergy's price, over the last three trading days, has increased 32% to \$32.50 per megawatthour on September 18.

Prices in the Northeast have been mixed over the past seven trading days. Prices at NEPOOL have ranged between a low of \$41.25 per megawatthour and a high of \$50.50 per megawatthour. At the PJM West, prices ranged between \$27.50 and \$40.04 per megawatthour and New York Zone J, New York City, prices ranged between \$45.13 and \$52.50 per megawatthour.

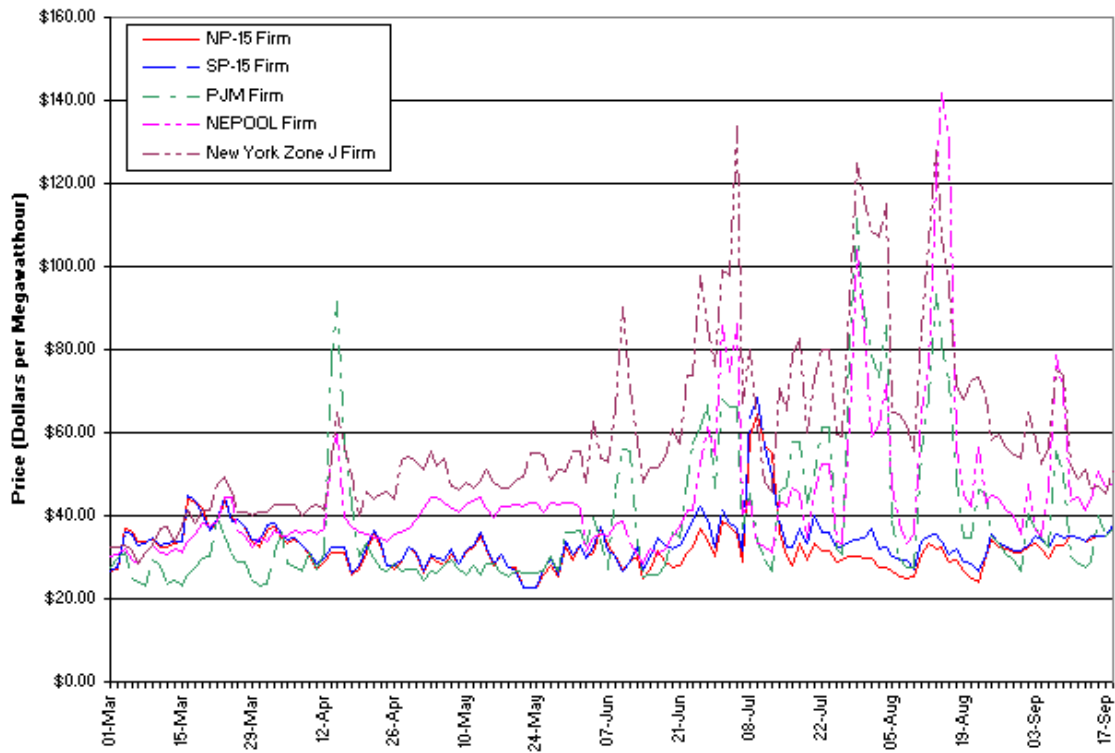
Over the past seven days, the average price at all trading centers has ranged between \$33.31 and \$36.85 per megawatthour.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	9/10/02	9/11/02	9/12/02	9/13/02	9/16/02	9/17/02	9/18/02	Max	Min	Average
COB	33.96	31.81	30.60	30.19	32.31	30.00	30.36	33.96	30.00	30.69
Palo Verde	32.82	33.07	31.59	33.45	33.21	32.65	34.90	34.90	31.59	33.16
Mid-Columbia	27.23	27.86	26.36	27.14	25.75	25.54	24.66	27.86	24.66	25.89
Mead/Marketplace	36.19	35.64	34.39	36.48	35.40	35.29	37.54	37.54	34.39	35.82
4 Corners	32.63	32.32	30.92	32.07	32.56	32.05	34.47	34.47	30.92	32.41
NP 15	34.89	34.84	33.87	34.23	35.18	35.17	37.83	37.83	33.87	35.26
SP 15	34.97	34.82	33.66	35.07	34.92	35.07	37.93	37.93	33.66	35.33
PJM West	30.10	28.45	27.50	28.75	40.04	35.16	36.82	40.04	27.50	33.65
NEPOOL	43.38	44.56	41.25	44.13	50.50	47.00	47.38	50.50	41.25	46.05
New York Zone J	52.50	48.75	50.95	46.50	46.95	45.13	51.00	52.50	45.13	48.11
Cinergy	26.31	25.50	25.32	24.60	27.17	28.96	32.50	32.50	24.60	27.71
Average Price	35.00	34.33	33.31	33.87	35.82	34.73	36.85	36.85	33.31	34.92

Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, and Cinergy trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
NEPOOL Average price of electricity traded at Nepool.
New York Zone J: Average price of electricity traded at the New York Zone J - New York City.
Cinergy: Average price of electricity traded into the Cinergy control area.

Average Wholesale Electricity Prices in the U.S.

File last modified: September 19, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:
William Liggett
william.liggett@eia.doe.gov
Phone: William Liggett: (202) 287-1727
Fax: (202) 287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latel.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov